
PROSPERITY RESOURCES LIMITED

ACN 103 280 235

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME: 10.30am (WST)

DATE: 11 July 2016

PLACE: State Tennis Centre
Victoria Park Drive
Burswood
Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please contact the Company Secretary, Garry Taylor, on +65 9655 5840 or e-mail info@prosperity.net.au

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:30am (WST) on 11 July 2016 at:

State Tennis Centre, Victoria Park Drive, Burswood, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, please attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Prosperity Resources Limited, 44 Kings Park Road, West Perth, Western Australia 6005; or
- (b) facsimile to the Company on facsimile number (+65) 6835 7868,
- (c) email to info@prosperity.net.au

so that it is received not later than 10.30 am (WST) on 9 July 2016.

Proxy Forms received later than this time will be invalid.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

Important Information with Respect to Resolutions 1 and 10:

Shareholders appointing a proxy for Resolutions 1 and 10 should note the following:

If you appoint a member of the Key Management Personnel as your proxy

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to those persons will not be included in any vote on this Resolution (subject to the comments below with respect to appointing the Chair as your proxy).

If you appoint the Chair as your proxy

If you elect to appoint the Chair as your proxy, you ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolutions 1 and 10. If the appointment expressly authorises the Chair to exercise their discretion in exercising your proxy even though Resolutions 1 and 10 are connected directly or indirectly with the remuneration of Key Management Personnel. The proxy form accompanying this Notice of Meeting contains such an express authorisation.

The Chair of the Annual General Meeting intends to vote all available proxies in favour of all items of business (including Resolutions 1 and 10).

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10:30am (WST) on 11 July 2016 at the State Tennis Centre, Victoria Park Drive, Burswood, Western Australia.

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial reports of the Company for the financial years ended 30 June 2014 and 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following Resolution as a **non-binding Resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2015."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy as proxy and the proxy form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) it is cast by the person chairing the meeting voting an undirected proxy and their appointment expressly authorises the person chairing the meeting to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

RESOLUTION 2 RE-ELECTION OF MR JOHN ARBUCKLE

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

"That Mr John Arbuttle, a Director who retires by rotation in accordance with clause 11.3 of the Constitution, and being eligible, is re-elected as a Director."

There are no voting exclusions in relation to this Resolution.

RESOLUTION 3 APPROVAL OF PRIOR ISSUES OF SHARES TO MAGNOLIA MANAGEMENT LTD

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve the issue of 66,502,812 Shares to Magnolia Management Ltd on the terms and conditions set out in the Explanatory Statement."

The Company will disregard any votes cast on this Resolution by Magnolia Management Ltd and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if that Resolution is passed, and any of their respective associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 ISSUE OF SHARES TO MAGNOLIA MANAGEMENT LTD

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 17,512,150 Shares to Magnolia Management Ltd, or its nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below

RESOLUTION 5 ISSUE OF SHARES TO SAQR CAPITAL AND FINANCE LTD

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 170,900,000 Shares to Saqr Capital and Finance Ltd, or its nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below

RESOLUTION 6 ISSUE OF SHARES TO REAL ASSETS AND INFRASTRUCTURE INVESTMENT GROUP LTD

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 30,000,000 Shares to Real Assets and Infrastructure Investment Group Ltd, or its nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below

RESOLUTION 7 ISSUE OF SHARES TO RESOURCE GLOBAL FINANCE LTD AS CONSIDERATION FOR THE RENEGOTIATION OF THE RGF LOAN FACILITY

To consider and, if thought fit, to pass, the following Resolution as an **ordinary Resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 50,000,000 Shares to Resource Global Finance Ltd, or its nominee, as consideration for renegotiating the repayment terms of the RGF Loan Facility, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below.

RESOLUTION 8 ISSUE OF SHARES TO CONSULTANTS

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 50,000,000 Shares to the parties and on the terms and conditions set out in the Explanatory Statement.”

Voting exclusions apply to this Resolution. See below

Voting Exclusion statement for Resolutions 4 to 8 (inclusive):

The Company will disregard any votes cast on Resolutions 4 to 7 (inclusive) respectively by a person who may participate in the issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if that Resolution is passed, and any of their respective associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 9 ISSUE OF SHARES TO R & K GLOBAL FINANCE LTD AS CONSIDERATION FOR THE RENEGOTIATION OF THE R & K LOAN FACILITY

To consider and, if thought fit, to pass, the following Resolution as an **ordinary Resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 20,000,000 Shares to R & K Global Finance Ltd or its nominee as consideration for entering into the R&K Loan Facility, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by R & K Global Finance Ltd and any of its associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast this Resolution by a member of the KMP or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the person chairing the meeting as proxy appointed in writing where the appointment expressly authorises the person chairing the meeting to exercise the proxy even though the respective Resolution is connected with the remuneration of a member of the KMP, will not be excluded.

RESOLUTION 10 ISSUE OF SHARES TO MR MOHAMMED MUNSHI IN LIEU OF CASH REMUNERATION

To consider and, if thought fit, to pass the following Resolution as an **ordinary Resolution**:

"That, for the purposes of Section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 40,479,172 Shares to Mr Mohammed Munshi or his nominee in lieu of cash payment as remuneration for his role as Chairman and Chief Executive Officer, on the terms and conditions set out in the Explanatory Statement."

The Company will disregard any votes cast on this Resolution by Mr Mohammed Munshi and any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast this Resolution by a member of the KMP or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the person chairing the meeting as proxy appointed in writing where the appointment expressly authorises the person chairing the meeting to exercise the proxy even though the respective Resolution is connected with the remuneration of a member of the KMP, will not be excluded.

RESOLUTION 11 APPROVAL OF PERFORMANCE RIGHTS PLAN

To consider and, if thought fit, to pass the following Resolution as an ordinary Resolution:

"That, for the purposes of Listing Rule 7.2 exception 9(b) and for all other purposes, Shareholders approve the Company's Performance Rights Plan, a summary of the terms and conditions of which are set out in the Schedule 2 to the Explanatory Statement, and the issue of securities thereunder, until the date which is the 3 year anniversary from the date of passing this resolution, as an exception to Listing Rule 7.1."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any person associated with that Director.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on this Resolution by a member of the KMP or their Closely Related Parties, acting as proxy for another person, where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the person chairing the meeting as proxy appointed in writing where the appointment expressly authorises the person chairing the meeting to exercise the proxy even though the respective Resolution is connected with the remuneration of a member of the KMP, will not be excluded.

RESOLUTION 12 CAPITAL RAISING TO RAISE UP TO \$1,000,000

To consider, and if thought fit, to pass the following Resolution as an **ordinary Resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of Shares to raise up to \$1,000,000, within 3 months of the date of this Resolution, and authorise the directors to enter into an agreement or agreements for this purpose, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if this Resolution is passed, and any of their respective associates (to the extent that those persons are known and identified by the Company at the time of the Annual General Meeting). However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 13 APPROVAL OF 10% PLACEMENT FACILITY

To consider, and if thought fit, to pass the following Resolution as a **special Resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue, within 12 months of the date of this Resolution, of Equity Securities of up to 10% of the Company’s issued capital (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the issue of Equity Securities and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if this Resolution is passed, and any of their respective associates (to the extent that those persons are known and identified by the Company at the time of the Annual General Meeting). However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 14 APPROVAL TO DISPOSE OF MAJOR ASSET

To consider, and if thought fit, to pass the following Resolution as an **ordinary Resolution**:

“That, for the purposes of Listing Rule 10.1 and 11.2 and for all other purposes, Shareholders approve the Company disposing of a major asset by selling 81% of its 90% interest in Prospindo Singapore Pte Ltd to Resource Global Finance Ltd, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: In accordance with Listing Rule 10.10.1, no votes may be cast in favour of this Resolution by:

- (a) a person proposing to make the acquisition and their associates; or
 - (b) the persons (if any) for whom the acquisition is to be made and their associates: or
 - (c) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
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DATED: 7 JUNE 2016

BY ORDER OF THE BOARD

**GARRY TAYLOR
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10.30 am (WST) on 11 July 2016 at the State Tennis Centre, Victoria Park Drive, Burswood, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial reports of the Company for the financial years ended 30 June 2014 and 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company's annual financial report on its website at www.prosperity.net.au.

RESOLUTION 1 ADOPTION OF REMUNERATION REPORT

General

The Corporations Act requires that at a listed company's annual general meeting, a Resolution that the remuneration report be adopted must be put to the Shareholders. However, such a Resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2015.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

Voting Consequences

If at least 25% of the votes cast on a resolution to adopt the remuneration report are against the adoption of the Remuneration Report for two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of another general meeting within 90 days, at which all of the Company's Directors (other than the Managing Director) must go up for re-election ("Spill Resolution").

At the Company's 2013 annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25% of total votes cast. Accordingly, the Spill Resolution is not a relevant consideration for this Annual General Meeting.

RESOLUTION 2 RE-ELECTION OF MR JOHN ARBUCKLE

Clause 11.3 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

Mr John Arbuckle retires by rotation and seeks re-election as a director.

Details of Mr Arbuckle's experience and background follow:

**Mr John Arbuckle, BBus CPA
Independent, Non-Executive Director, appointed September 2006**

Mr Arbuckle is a qualified accountant with extensive experience in the mining industry in Australia and overseas. Currently, he is a Director of Maybach Consulting Pty Ltd which provides specialist corporate advisory services to both listed and unlisted companies.

Mr Arbuckle's previous positions have included Chief Financial Officer and Company Secretary of Mount Gibson Iron Ltd and Chief Financial Officer of Perilya Ltd, where he guided the companies through difficult start-up phases. Prior to this he held senior financial management roles with Rio Tinto Ltd, North Ltd and Anaconda Nickel Ltd. He has considerable experience in developing financial and risk-management strategies for mining companies and the implementation of accounting controls and systems.

Mr Arbuckle is a Non-Executive Director of Paramount Mining Corporation Ltd.

Interests in Company securities

3,963,000 Shares

Each of the Directors (other than Mr Arbuckle) recommends that Shareholders vote in favour of Resolution 2.

RESOLUTION 3 APPROVAL OF PRIOR ISSUE OF SHARES TO MAGNOLIA MANAGEMENT LTD

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period, without Shareholder approval.

Listing Rule 7.4 provides an exception if the issue is subsequently approved by shareholders, thereby 'refreshing' the company's ability to issue equity securities within the 15% limit. The Company seeks Shareholder approval of the issue of previously issued equity securities for the purpose of Listing Rule 7.4, so that the Company's ability to issue equity securities will be 'refreshed' and it will have flexibility to issue further equity securities should the need or opportunity arise.

Resolution 3 seeks Shareholder approval of the prior issue of 66,502,812 Shares to Magnolia Management Ltd.

The following information is provided in accordance with Listing Rule 7.5:

1. 66,502,812 Shares were issued.
2. The Shares were issued at a recorded issue price of \$0.0008 per Share.
3. The Shares rank equally with existing Shares.
4. The Shares were issued to Magnolia Management Ltd.
5. The funds raised have been and will continue to be applied to the Company's working capital requirements.
6. A voting exclusion statement is set out in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 3.

BACKGROUND FOR RESOLUTIONS 4 TO 8 (INCLUSIVE)

Listing Rule 7.1 prohibits a company from issuing or agreeing to issue Equity Securities in any 12 month period which amounts to more than 15% of its ordinary securities without the approval of holders of its ordinary securities.

Equity Securities issued with the approval of holders of a company's ordinary securities in accordance with Listing Rule 7.1 are not then required to be included in the 15% limit imposed by Listing Rule 7.1.

The Company is seeking Shareholder approval to the issue of Shares the subject of Resolutions 4 - 6 (inclusive) for the purposes of Listing Rule 7.1, so these Shares will not be counted towards the 15% limit.

RESOLUTION 4 ISSUE OF SHARES TO MAGNOLIA CAPITAL LTD

Resolution 4 seeks Shareholder approval for the issue of 17,512,150 Shares to Magnolia Management Ltd or its nominee for the purposes of Listing Rule 7.1.

The primary purpose of the issue of Shares to Magnolia Management Ltd, or its nominee, is to raise working capital for the Company.

The following information is provided in accordance with Listing Rule 7.3:

1. A maximum of 17,512,150 Shares are to be issued.
2. The Shares the subject of this Resolution will be issued at a price of \$0.0008 per Share.
3. The Shares will be issued to Magnolia Management Ltd, or its nominee, who are not related parties of the Company.
4. The Shares will be issued on the same terms as, and rank equally with, the existing issued Shares in the Company and application will be made for their quotation on ASX.
5. \$13,424 will be raised by the issue of the Shares the subject of this Resolution.
6. The Company intends to issue the Shares within 3 months of the date of this Annual General Meeting.
7. A voting exclusion statement is set out in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 4.

RESOLUTION 5 ISSUE OF SHARES TO SAQR CAPITAL AND FINANCE LTD

Resolution 5 seeks Shareholder approval for the issue of 170,900,000 Shares to Saqr Capital and Finance Ltd, or its nominee, for the purposes of Listing Rule 7.1.

The primary purpose of the issue of Shares to Saqr Capital and Finance Ltd, or its nominee, is to raise working capital for the Company.

The following information is provided in accordance with Listing Rule 7.3:

8. A maximum of 170,900,000 Shares are to be issued.
9. The Shares the subject of this Resolution will be issued at a price of \$0.0008 per Share.
10. The Shares will be issued to Saqr Capital and Finance Ltd, or its nominee, which are not related parties of the Company.
11. The Shares will be issued on the same terms as, and rank equally with, the existing issued Shares in the Company and application will be made for their quotation on ASX.
12. USD100,000 will be raised by the issue of the Shares the subject of this Resolution.
13. The Company intends to issue the Shares within 3 months of the date of this Annual General Meeting.
14. A voting exclusion statement is set out in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 5.

RESOLUTION 6 ISSUE OF SHARES TO REAL ASSETS AND INFRASTRUCTURE INVESTMENT GROUP LTD

Resolution 6 seeks Shareholder approval for the issue of 30,000,000 Shares to Real Assets and Infrastructure Investment Group Ltd, or its nominee, for the purposes of Listing Rule 7.1.

The primary purpose of the issue of Shares to Real Assets and Infrastructure Investment Group Ltd, or its nominee, is to recognise introductions made on behalf of the Company in respect of the intended investment by Saqr Capital and Finance Ltd. The following information is provided in accordance with Listing Rule 7.3:

1. A maximum of 30,000,000 Shares are to be issued.
 2. The Shares the subject of this Resolution will be issued at a price of \$0.0008 per Share.
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3. The Shares will be issued to Real Assets and Infrastructure Investment Group Ltd, or its nominee, which are not related parties of the Company.
4. The Shares will be issued on the same terms as, and rank equally with, the existing issued Shares in the Company and application will be made for their quotation on ASX.
5. No funds will be raised by the issue of the Shares the subject of this Resolution.
6. The Company intends to issue the Shares within 3 months of the date of this Annual General Meeting.
7. A voting exclusion statement is set out in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 6.

RESOLUTION 7 ISSUE OF SHARES TO RESOURCE GLOBAL FINANCE LTD AS CONSIDERATION FOR THE RENEGOTIATION OF THE RGF LOAN FACILITY

Resolution 7 seeks Shareholder approval for the issue of 50,000,000 Shares to Resource Global Finance Ltd or its nominee for the purposes of Listing Rule 7.1.

The Directors resolved (subject to obtaining Shareholder approval) to issue the Shares the subject of this Resolution to Resource Global Finance Ltd, or its nominee, as consideration for the renegotiation of repayment terms of the RGF Loan Facility.

The following information is provided in accordance with Listing Rule 7.3:

1. A maximum of 50,000,000 Shares are to be issued.
2. The Shares the subject of this Resolution will be issued as consideration for the renegotiation by Resource Global Finance Ltd of the repayment terms of the RGF Loan Facility, at a nil issue price.
3. The Shares will be issued to Resource Global Finance Ltd, or its nominee, who are not related parties of the Company.
4. The Shares will be issued on the same terms as, and rank equally with, the existing issued Shares in the Company and application will be made for their quotation on ASX.
5. No funds will be raised by the issue of the Shares the subject of this Resolution although the Company's liability to Resource Global Finance Ltd under the terms of the extension of the RGF Loan Facility will be satisfied by the issue.
6. The Company intends to issue the Shares in one lot within 5 days of the date of this Annual General Meeting, but in any case within 3 months of the date of this Annual General Meeting.

A voting exclusion statement is set out in the Notice of Meeting. The Directors recommend that Shareholders vote in favour of Resolution 7.

RESOLUTION 8 ISSUE OF SHARES TO CONSULTANTS

Resolution 8 seeks Shareholder approval for the issue of 50,000,000 Shares to consultants to the Company ("**Consultants**") or their nominees for the purposes of Listing Rule 7.1.

The primary purpose of the issue of Shares to the Consultants, or their nominees, is to recognise the roles the Consultants have performed, and are expected to continue to perform in respect of the Company's business.

The Board considers the grant of the Shares to the Consultants to be reasonable, given the contributions the Consultants have made to the Company whilst maintaining the Company's cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares on the terms proposed.

None of the Consultants are related parties of the Company.

The following information is provided in accordance with Listing Rule 7.3:

1. A maximum of 50,000,000 Shares are to be issued.
2. The Shares the subject of this Resolution will be issued to the Consultants at a nil issue price.

3. The Shares will be issued to the Consultants or their nominees.
4. The Shares will be issued on the same terms as, and rank equally with, the existing issued Shares in the Company and application will be made for their quotation on ASX.
5. No funds will be raised by the issue of the Shares the subject of this Resolution.
6. The Company intends to issue the Shares in one lot within 5 days of the date of this Annual General Meeting, but in any case within 3 months of the date of this Annual General Meeting.
7. A voting exclusion statement is set out in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 8.

RESOLUTION 9 ISSUE OF SHARES TO R & K GLOBAL FINANCE LTD AS CONSIDERATION FOR ENTERING INTO THE R & K LOAN FACILITY

Resolution 9 seeks Shareholder approval for the issue of 20,000,000 Shares to R & K Global Finance Ltd or its nominee for the purposes of Listing Rule 10.11.

The Directors resolved (subject to obtaining Shareholder approval) to issue the Shares the subject of this Resolution to R & K Global Finance Ltd or its nominee as consideration for the renegotiation of the R & K Loan Facility.

R & K Global Finance Ltd is a company controlled by Mr Mohammed Munshi (a Director of the Company), and is therefore a related party of the Company. Accordingly, the Shares cannot be issued to R & K Global Finance Ltd in respect of the R & K Loan Facility without the prior approval of Shareholders for the purposes of Listing 10.11.

As the loan is unsecured, and as the fees payable to R & K Global Finance Ltd are commensurate with those paid to other lenders to the Company, the Directors (other than Mr Munshi) have determined that Shareholder approval will not also be required for the purposes of Chapter 2E of the Corporations Act (giving a financial benefit to a related party) as the arm's length exception in section 210 of the Corporations Act applies.

Accordingly, Shareholder approval is not required for the purposes of section 208 of the Corporations Act, and this Resolution seeks Shareholder approval for the purposes of Listing Rule 10.11, for the issue of Shares to R & K Global Finance Ltd (or its nominee).

The following information is provided in accordance with Listing Rule 10.13:

1. The related party is R & K Global Finance Ltd which is a related party of the Company by virtue of being an entity that is controlled by a related party of the Company (namely, Mr Mohammed Munshi, a Director).
2. A maximum of 20,000,000 Shares are to be issued.
3. The Shares will be issued within 1 month of this Annual General Meeting.
4. R & K Global Finance Ltd is a company controlled by Mr Mohammed Munshi (a Director of the Company), and is therefore a related party of the Company.
5. The Shares will be issued for nil consideration as they are being issued as consideration for the grant and renegotiation of the R & K Loan Facility.
6. No funds will be raised by the issue of the Shares the subject of this Resolution although the Company's liability to R & K Global Finance Ltd under the terms of the R & K Loan Facility will be satisfied by the issue.
7. The Shares will be issued on the same terms as, and rank equally with, the existing issued Shares in the Company and application will be made for their quotation on ASX.
8. A voting exclusion statement is included in the Notice of Meeting.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1, and the securities issued pursuant to this Resolution will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

The Directors (with the exception of Mr Mohammed Munshi) recommend that Shareholders vote in favour of Resolution 9.

EXPLANATORY NOTES FOR RESOLUTION 10

Section 208 of the Corporations Act provides that, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

1. Obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
2. Give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of Shares to a director constitutes giving a financial benefit to a related party.

In addition, Listing Rule 10.11 also requires that Shareholder approval be obtained where an entity issues, or agrees to issue, Equity Securities to a related party (which includes a director of the Company), or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies. Shares are Equity Securities and the issue of Shares to a Director requires Shareholder approval under Listing Rule 10.11.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1, and the securities issued pursuant to this Resolution will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the circumstances relevant to Resolution 10.

RESOLUTION 10 ISSUE OF SHARES TO MR MOHAMMED MUNSHI IN LIEU OF CASH REMUNERATION

Resolution 10 seeks Shareholder approval to issue Shares to Mr Mohammed Munshi, who is a related party of the Company (Mr Munshi being a Director of the Company), in lieu of accrued directors' fees or consultancy fees (**Remuneration Shares**).

The Board considers the issue of the Remuneration Shares to Mr Munshi to be reasonable, given the necessity to attract the highest calibre of professionals to the Company whilst maintaining the Company's cash reserves. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Remuneration Shares on the terms proposed.

The amount owed to Mr Munshi, the number of Remuneration Shares to be issued in lieu of a cash payment and the basis of the calculation for this is set out in the table below:

Director	Description	Number of Shares	From	To	Issue Price	Notional value of Remuneration Shares*	Actual amount owed to Director
Mr Mohammed Munshi	Director Fees	4,375,005	1-Oct-13	30-Apr-16	\$0.02	\$87,500	\$87,500
	Consultant Fees	37,500,000	1-Oct-13	30-Apr-16	\$0.02	\$750,000	\$750,000
	Total	41,875,005				\$837,500	\$837,500

**In the interest of avoiding substantial dilution, the Board has valued the Remuneration Shares based on a price per Share of \$0.02, which is well above the average of the monthly VWAP for Shares for the relevant period in which the remuneration accrued of \$0.0013. The notional value of the Remuneration Shares is set out in the table*

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the circumstances relevant to Resolution 10.

Accordingly, Resolution 10 seeks Shareholder approval for the issue of Remuneration Shares to Mr Munshi as follows:

- (a) for the purposes of Listing Rule 10.11; and

- (b) for the purposes of section 208 of the Corporations Act, for the issue of the Remuneration Shares, which constitutes the giving of a financial benefit.

Listing Rule 10.11 - Remuneration Shares

The following information is provided in accordance with Listing Rule 10.13:

1. Mr Munshi is a related party of the Company by virtue of being a Director. The Remuneration Shares may be issued to Mr Munshi or his nominees.
2. The maximum number of Remuneration Shares to be granted to Mr Munshi (or his nominee) is 40,479,172.
3. The Remuneration Shares will be issued within 1 month of this Annual General Meeting.
4. The Remuneration Shares will be issued for nil consideration at the issue price of \$0.02 per Share as set out in the table above.
5. The Remuneration Shares will be issued on the same terms as, and rank equally with, the existing issued Shares in the Company and application will be made for their quotation on ASX.
6. No funds will be raised by the issue of Remuneration Shares although the Company's liability to the Directors in relation to their accrued remuneration will be satisfied by the issue.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1, and the securities issued pursuant to this Resolution will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

Section 208 of the Corporations Act – Remuneration Shares

The following information, in addition to the information contained in this Explanatory Statement and Schedule 1 is provided in accordance with section 219 of the Corporations Act:

1. Mr Munshi's current remuneration is set out at Schedule 1 to this Explanatory Statement.
2. The 39,083,333 Shares, the subject of Resolution 10, to be issued to Mr Munshi have been valued by the Board to have a notional value of \$809,583, based on a share price of \$0.02 per Share.
3. Mr Munshi's direct or indirect interest in securities in the Company is set out at Schedule 1 to this Explanatory Statement.
4. Assuming no other Shares are issued (other than those to be issued to Mr Munshi if Resolution 10 is passed), the maximum dilution that will be experienced by Shareholders as a result of the issue of Shares to Mr Munshi is set out at Schedule 1 to this Explanatory Statement.
5. Mr Munshi did not vote on any Board resolution in respect of the grant of securities the subject of Resolution 9 and declines to make a recommendation to Shareholders in relation to this Resolution due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of this Resolution, recommend that Shareholders vote in favour of the Resolution for the reasons set out in this Explanatory Statement. The Board (other than Mr Munshi) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.
6. A voting exclusion statement is set out in the Notice of Meeting.

RESOLUTION 11 APPROVAL OF PERFORMANCE RIGHTS PLAN

At the annual general meeting of the Company held on 30 November 2012, Shareholders approved the issue of securities under the Company's Performance Rights Plan (**PRP**), in accordance with Listing Rule 7.2 Exception 9(b).

The Company uses the PRP to govern, among other things, the issue and vesting conditions of performance rights for its personnel. The Company believes that the PRP assists it to remunerate and provide ongoing incentives to directors, officers, employees and consultants.

The Company uses the PRP to reward contributions to the Company's performance and strengthen the link between the creation of value for Shareholders and rewards for its personnel.

In summary, the rules of the PRP enable the Company to issue performance rights to eligible personnel subject to performance hurdles and vesting conditions determined by the Company. Each performance right entitles the holder, for nil cash consideration, to one fully paid ordinary share in the equity of the Company if the applicable performance hurdles and vesting conditions set for that holder are satisfied.

Approval is now being sought under Resolution 9 because, broadly, Listing Rule 7.1 prohibits the Company from issuing equity securities which, in aggregate, exceed 15% of the fully paid ordinary share capital of the Company in any 12-month period, unless the Company obtains Shareholder approval for the issue or an exemption applies.

Exception 9(b) in Listing Rule 7.2 provides that Listing Rule 7.1 does not apply to the issue of equity securities by the Company under an employee incentive scheme if the scheme has been approved by Shareholders within 3 years before the date of issue of the relevant securities.

The Company is seeking approval of the PRP for the purposes of Listing Rule 7.2 exception 9(b) so that the grant of Performance Rights under the PRP, and Shares issued on vesting of those Performance Rights, will not reduce the Company's 15% capacity under Listing Rule 7.1.

The Directors may participate in the PRP (subject to specific Shareholder approval) and are therefore excluded under the Listing Rules from voting on this resolution, along with any of their respective associates, (other than as proxy for shareholders that are entitled to vote).

The grant of any Performance Rights to a Director will require specific Shareholder approval under Listing Rule 10.14.

The following information is provided in accordance with Listing Rule 7.2 Exception 9(b):

- A summary of the key rules of the PRP is set out in Schedule 2. A copy of the full rules of the PRP is available on the Company's website (www.prosperity.net.au);
- 22,000,000 Performance Rights have been issued since the date of the last approval (30 November 2012);
- A voting exclusion statement is included in the Notice of Meeting.

RESOLUTION 12 CAPITAL RAISING TO RAISE UP TO \$1,000,000

Resolution 12 seeks Shareholder approval for directors to enter into a future capital raising agreement or agreements to raise up to \$1,000,000 through the issue of Shares, on terms yet to be agreed (the '**Capital Raising**') for the purposes of Listing Rule 7.1 and for all other purposes. The Capital Raising is to be applied for ongoing working capital purposes.

If Shareholders approve this Resolution, the Directors will have the flexibility and discretion to enter into a Capital Raising to secure ongoing working capital, without being restricted by the 15% Share issuance limit imposed by Listing Rule 7.1 and without having to suffer delay or additional expense involved in convening another general meeting to obtain any Shareholder approval that would otherwise be required under Listing Rule 7.1. The following information is provided in accordance with Listing Rule 7.3:

1. The maximum of Shares to be issued will be determined in accordance with the following formula:
$$\text{\$1,000,000 divided by the "Issue Price" (as defined in paragraph 3 below).}$$
2. The Shares will be issued within 3 months of the date of this Annual General Meeting.
3. The issue price for any Shares will be not less than 80% of the volume-weighted average Share price of all on-market trades of the Company's Shares on the ASX in the 5 ASX trading days immediately preceding the issue (**Issue Price**).
4. The names of the persons to whom the Company will issue Shares instruments are not known at this time. The Shares will be issued to persons or entities identified by the Company and to which a disclosure document is not required to be provided by virtue of Part 6D.2 of the Corporations Act 2001. No related parties (within the meaning of the Corporations Act) will be issued Shares.
5. Any Shares issued under any Capital Raising agreement(s) will be issued on the same terms as, and rank equally with, the existing issued Shares and application will be made for their quotation on ASX.
6. Funds raised from the proposed issue will be applied for ongoing working capital purposes.

7. The Company may issue any Shares the subject of this resolution progressively throughout the 3 month period.
8. A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 12.

RESOLUTION 13 APPROVAL OF 10% PLACEMENT FACILITY

Background

Listing Rule 7.1A allows an 'eligible entity' to issue up to 10% of its issued capital (**10% Placement Facility**) in the 12 month period following Shareholder approval (if granted). The Company is an eligible entity as it is not included in the S&P/ASX300 Index and has a market capitalisation of less than \$300,000,000. The Company's market capitalisation is currently approximately \$443,000.

The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The 10% Placement Facility must be an existing class of Equity Securities currently quoted on the ASX, that is fully paid ordinary shares. Shares issued with approval under ASX Listing Rule 7.1A may be issued at any time during the 12 month period from the date of this resolution.

This Resolution must take the form of a special resolution which requires at least 75% of the votes that may be cast by members who are entitled to vote, to be cast in favour of the resolution. This includes voting via proxies.

Formula for calculating 10% Placement Facility

Listing rule 7.1A.2 provides that an eligible entity which has obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 months period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) - E

- A** is the number of share on issue 12 months before the date of the issue or agreement:
- a) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
 - b) plus the number of partly paid shares that became fully paid in the 12 months;
 - c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4;
 - d) less the number of fully paid shares cancelled in the 12 months.
- D** is 10%
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

Shareholders are advised that it is a condition of approval under Listing Rule 7.1A that the issue price for the 10% Placement Facility must be not less than 75% of the volume-weighted average share price calculated over the 15 trading days immediately before:

- a) the date on which the price at which the Additional Placement Capital is agreed or issued; or
- b) if the securities are not issued within 5 trading days of the date referred to in paragraph (i) the date on which the securities are issued.

(Maximum Discount)

Notice requirements for approval under Listing Rule 7.1A

The following information is provided in accordance with Listing Rule 7.3A:

1. The Additional Placement Capital will be issued at a price not less than the Maximum Discount.

2. If Resolution 13 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- a) the market price of the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

Examples of the possible dilutive effect that such issues may have on Shareholders is provided in the following table:

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.0005 50% decrease in Issue price	\$0.001 Issue price	\$0.002 100% increase in Issue price
Current Variable A	10% Voting dilution	50,985,489 Shares	50,985,489 Shares	50,985,489 Shares
509,854,892 Shares	Funds raised	\$25,493	\$50,986	\$101,971
50% increase in current Variable A	10% Voting dilution	76,478,234 Shares	76,478,234 Shares	76,478,234 Shares
764,782,338 Shares	Funds raised	\$38,240	\$76,479	\$152,955
100% increase in current Variable A	10% Voting dilution	101,970,978 Shares	101,970,978 Shares	101,970,978 Shares
1,019,709,784 Shares	Funds raised	\$50,986	\$101,971	\$203,942

The table has been prepared based upon the following assumptions:

- a) The Company issues the maximum number of Equity Securities available under this Resolution.
 - b) The 10% voting dilution reflects the aggregate percentage dilution against the issued capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - c) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility based on that Shareholder's holding at the date of the Annual General Meeting.
 - d) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A.
 - e) The issue price is \$0.001, being the closing price on 20 May 2016.
3. The Additional Placement Capital will be issued within 12 months of this Annual General Meeting, or earlier date if Shareholders approve a significant transaction for the purposes of Listing Rules 11.1.2 (other than that contemplated in Resolution 14) or 11.2.
 4. The Additional Placement Capital will be used to further develop the Company's mineral exploration projects and for associated working capital purposes.
 5. The Company's current allocation policy in respect of the Additional Placement Capital is to make the Additional Placement Capital available to potential investors, and the Company expects to allocate the Additional Placement Capital to a mix of existing and new Shareholders. Allottees have not been determined and final determination as to the suitability of the allocation of the Additional Placement Capital will depend on the needs and requirements of the Company at the relevant time.
 7. The Company has not issued any Equity Securities in the 12 months preceding the date of the Annual General Meeting.
 8. A voting exclusion statement is included in the Notice of Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 13.

RESOLUTION 14 DISPOSAL OF COMPANY'S MAIN UNDERTAKING

Prosperity is a mining company with projects in Australia and Indonesia.

Prosperity is proposing to undertake a sale transaction through which it will extinguish a major liability and give the Company the ability to move forward with a new project or projects, staying in the same business of mineral exploration and development.

Background of the Sale Transaction

Prosperity currently owes USD500,000 under the RGF Loan Facility to RGF. RGF is a substantial holder in Prosperity with a shareholding of 13.17%, or 67,153,001 Shares.

The proposal is for RGF to buy Prosperity's interest in Prospindo Singapore; as consideration for the purchase, RGF will write down the amount owed under the RGF Loan Facility to nil.

Prospindo Singapore and Prospindo Energi Singapore

Prospindo Singapore and its 90%-owned subsidiary Prospindo Energi Singapore are joint shareholders in all of the shares in PT Prospindo, a company registered in Indonesia, which has interests in three project licences in South Aceh, Indonesia.

Together, the project licences cover an area of 10,000 hectares of exploration licence and an area of 1,000 hectares of "operation production" licence. Due to lack of funding to proceed with project development, the three project licences have been fully impaired in the consolidated accounts of the Company, such that the projects have no value in the Company's consolidated balance sheet.

Overview of the Sale Transaction

The Company has reviewed its long term strategy to determine the best course of action which will provide the maximum benefit to Shareholders. The Directors have concluded that is in the best interests of the Company and its Shareholders to substantially reduce its liabilities. To this end, the Directors have finalised the structure of this corporate transaction and are proposing to undertake a disposal of Prospindo Singapore to RGF, such that RGF will own the Company's 90% interest in Prospindo Singapore. In this way, the Company will extinguish a USD500,000 debt and will have no further liability to RGF (**Transaction**).

The Company has very limited cash resources to undertake any potential exploration program under the current debt arrangements, and the Directors consider that the best course of action is to negotiate to divest the Company's interest in Prospindo Singapore, and to resume exploration activities unencumbered by the USD500,000 debt (equal to AUD696,000 at AUD1:00=USD0.7184).

Based on the Company's current position, the Directors consider that the proposed Transaction is in the best interests of the Company and will allow it to seek new opportunities to add Shareholder value.

The Company does not currently have any new project proposals under consideration, however, in the first instance it has been actively pursuing projects in the minerals sector. Following completion of the Transaction, the Company will continue to look at opportunities in the minerals sector.

A summary of the key terms of the Transaction are set out below.

Regulatory Requirements

ASX Listing Rule 10.1 provides that an entity must not dispose of a substantial asset to a substantial holder in the entity without obtaining the approval of shareholders.

RGF is a substantial holder in the Company. The Company's interest in Prospindo Singapore constitutes a substantial asset.

ASX Listing Rule 11.2 provides that where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders. Shareholders should be aware that following the proposed Transaction, ASX may require the Company to seek shareholder approval pursuant to ASX Listing Rule 11.1.2 and/or re-comply with Chapters 1 and 2 of the Listing Rules pursuant to ASX Listing Rule 11.1.3 with respect to any future transaction that the Company may enter into.

A disposal by a listed entity of its main undertaking may also raise issues under Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued listing and continued quotation of its securities.

ASX Guidance Note 12 states, *the disposal by a listed entity of its main undertaking may be a precursor to the entity embarking on a new business venture, either immediately or once a suitable business has been identified and acquired. In the latter case, notwithstanding Listing Rule 12.3, ASX will, in the absence of any other reason to suspend the quotation of the entity's securities, generally continue the quotation of its securities for up to six months to allow it time to identify, and make an announcement of its intention to acquire, a suitable new business.*

If an entity is not able to make an announcement of its intention to acquire a new business, within six months of completing the disposal of its main undertaking, ASX will generally exercise its discretion under Listing Rule 12.3 to suspend the quotation of its securities at the end of that six month period. The suspension will continue until the entity makes an announcement acceptable to ASX about its future activities.

Resolution 14 seeks Shareholder approval for the Transaction.

Key Terms

The key terms of the Transaction are as follows:

- (i) Completion of the Transaction is subject to and conditional on a number of matters, including:
 - (a) The Company obtaining shareholder approval for the Transaction pursuant to ASX Listing Rules 10.1 and 11.2.
- (ii) The consideration to be paid by RGF under the Transaction comprises:
 - (b) Forgiveness of debt due to RGF of an amount of USD500,000 under a Credit Facility Agreement.

Indicative Timetable

Subject to ASX Listing Rule and Corporations Act requirements, the Company anticipates completion of the Transaction will be in accordance with the following timetable:

Event	Date
ASX announcement of Transaction	14 March 2016
Annual General Meeting to approve Transaction	30 June 2016
Completion of Transaction	4 July 2016

Financial effect of the Transaction on the Company

The impact of the Transaction on the Company's financial position will be:

- 1) The extinguishment of USD500,000 of debt;
- 2) Other than minimal cash, the Company will have minimal material assets.

There will be no impact on the capital structure of the Company as a result of the Transaction.

The change in the Company's financial position is shown below:

	30 June 2015	
	Pre-Disposal (Audited)	Post-Disposal (Pro-forma – unaudited) ¹
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	7,306	6,201
Other receivables	34,672	34,672
Prepayments	2,211	4,860
Total current assets	44,189	45,733
Non-current assets		
Trade and other receivables	89,292	-
Property, plant and equipment	81,391	81,381
Capitalised exploration expenditure	-	-
Total non-current assets	170,683	81,381
Total assets	214,872	127,114
LIABILITIES		
Current liabilities		
Trade and other payables	1,373,144	1,251,568
Provisions	25,001	25,001
Borrowings	776,314	123,180
Total current liabilities	2,174,459	1,399,749
Total liabilities	2,174,459	1,399,749
Net liabilities	(1,959,587)	(1,272,635)
EQUITY		
Issued capital	35,435,445	35,435,445
Reserves	4,480,922	3,374,524
Accumulated losses	(39,507,955)	(40,082,604)
Total equity attributed to equity holders of the Consolidated group	408,412	(1,272,635)
Non-controlling interest	(2,368,003)	-
Total equity	(1,959,591)	(1,272,635)

Notes

- ¹ The pro-forma position in the table above has not been audited and has been prepared for illustrative purposes only and gives effect to the District as if it had occurred on 30 June 2015. The pro-forma position is not intended to be a statement of the Company's current financial position.

Reasons for the Transaction

The Directors believe that following an assessment of the advantages and disadvantages disclosed below the Transaction is in the best interests of the Company.

Advantages

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 14:

- (a) the Transaction allows the Company to substantially reduce costs incurred in maintaining the project licences in good standing, and in maintaining the associated corporate structure; it will allow the Company to extinguish potential calls for loan repayment in respect of the RGF Facility;
- (b) the consideration from the Transaction will extinguish a major liability, namely a debt owed under the RGF Loan Facility of USD500,000;
- (c) extinguishing the debt has no dilutionary impact on shareholders, in a current market environment where it is difficult to secure capital;
- (d) the Company will have a new and exciting opportunity to acquire a mineral resource project or projects in a different jurisdiction or jurisdictions, for the benefit of the Company and all Shareholders.

Disadvantages

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 14:

- (a) the Transaction involves the selling control over its principal, and only, asset which may not be consistent with the investment objectives of all Shareholders;
- (b) there is a risk that the Company may not be able to locate and complete the acquisition of other suitable investment opportunities within a reasonable time.

There will be no Board or management changes as a result of the Transaction.

Director Recommendations

The Directors do not have any material interest in the outcome of the Resolution other than as a result of their interest, if any, arising solely in the capacity as security holders.

The Board has approved the proposal to put the Resolution to Shareholders.

Each of the Directors intends to vote all of their Shares in favour of the Resolution.

GLOSSARY

AUD, \$, cents means Australian dollars and cents.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Board means the current board of directors of the Company.

Closely Related Party of a member of Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependant of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- a company that the member controls.

Company or Prosperity means Prosperity Resources Limited (ACN 103 280 235).

Constitution means the Company's constitution.

Consultants has the meaning given in the Explanatory Statement to Resolution 8.

Corporations Act means the Corporations Act 2001 (Cth).

Transaction means the transaction outlined in the Explanatory Statement.

Directors means the current directors of the Company.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the Listing Rules of ASX.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Prospindo Singapore means Prospindo Singapore Pte Ltd, UEN 201008282G

Performance Rights Plan or **PRP** means the Performance Rights Plan outlined in the Explanatory Statement and in Schedule 2 of this Notice of Meeting.

Related Party has the meaning given to that term in the Corporations Act.

Remuneration Shares means the Shares the subject of Resolution 6 to be issued to Mr Mohammed Munshi in lieu of accrued remuneration or consultancy fees.

Resolutions means the Resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

RGF means Resource Global Finance Ltd.

RGF Loan Facility means the loan facility provided to the Company by Resource Global Finance Ltd, with the following key parameters:

- Facility Amount: USD1,000,000
- Drawn Amount: USD500,000
- Due Date: 30 April 2016
- Interest Rate: Nil
- Security: Nil
-

GLOSSARY (CONTINUED)

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

USD means United States dollars.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – SUPPLEMENTARY INFORMATION FOR RESOLUTION 10

52-week trading history of the Shares on ASX	Price	Date
Highest	\$0.001	8 June 2015
Lowest	\$0.001	7 June 2016
Last	\$0.001	7 June 2016

Directors' relevant interest in Equity Securities of the Company (as at the date of this Notice of Annual General Meeting)	Shares
Mr Mo Munshi	54,183,000
Mr John Arbuckle	3,963,000
Mr Sebastian Hempel	3,240,900

Directors' relevant interest in Equity Securities of the Company (as at the date of this Notice of Annual General Meeting)	Current voting power	Voting Power following AGM (assuming the Shares and the subject of Resolution 9 are issued, and no other Shares are issued)
Mr Mo Munshi	10.63%	17.20%
Mr John Arbuckle	0.78%	0.72%
Mr Sebastian Hempel	0.64%	0.59%

Directors' remuneration as at 31 December 2015	Entitlement 2014/2015	Actual 2014/2015	Actual 2013/2014
Mr Mo Munshi	\$286,667	-	\$295,000
Mr John Arbuckle	\$30,000	-	\$30,000
Mr Sebastian Hempel	\$30,000	-	\$30,000

Number of Shares currently on issue	Number of shares that will be on issue if all Shares the subject of Resolutions 6 are issued and no other Shares are issued.
509,854,892	550,334,064

Dilution of existing Shareholders based on issued Shares as at the date of this Notice of Annual General Meeting of 509,854,892 (assuming, in each case, that only the Shares to be issued to the relevant Director are issued, and no other Shares are issued)		
Director	Shares	Dilution
Mr Mo Munshi	40,479,172	6.57%
Total	40,479,172	6.57%

**SCHEDULE 2 – SUMMARY OF THE RULES OF THE PRP THE SUBJECT OF
RESOLUTION 11**

- (a) The Board may determine which persons are eligible to receive grants of performance rights under the PRP and may invite eligible persons to participate in the PRP and be granted a number of performance rights on terms and conditions specified by the Board.
- (b) Performance rights will not be quoted and will not be transferable except with the Board's consent or by force of law upon the participant's death.
- (c) Performance rights confer on the participant no rights to vote, attend meetings, participate in a distribution of profit or a return of capital or any other participant rights or entitlements.
- (d) In general, performance rights vest when the applicable performance hurdles and vesting conditions are satisfied.
- (e) On vesting of a performance right, the Company will either issue or transfer to the participant a Share in the Company.
- (f) The Company will apply for quotation on ASX of any Shares issued under the PRP. Any Shares issued under the PRP will rank equally with those traded on ASX at the time of issue, except as regards any rights attaching to Shares by reference to a record date prior to the date of allotment.
- (g) Participants are not entitled to trade in Shares issued on vesting of performance rights without the prior consent of the Board until the earlier to occur of:
 - i. the expiry of the period specified in the invitation to participate (not being longer than 7 years from the date of grant of the performance right); and
 - ii. the participant ceasing employment with the Company or one of its related bodies corporate.
- (h) Performance rights that do not vest and become exercisable in accordance with the applicable conditions will automatically lapse, unless otherwise determined by the Board.
- (i) Where, in the opinion of the Board, a participant acts fraudulently or dishonestly or is in breach of their obligations to the Company or a related body corporate, the Board may deem any unvested performance rights to have lapsed and any Shares issued on vesting of performance rights to be forfeited, or where any Shares have been sold by the participant, the Board may require the participant to pay all or part of the net proceeds of that sale to the Company.
- (j) Upon the cessation of a participant's employment with the Company or a related body corporate:
 - i. by reason of death, disability, bone fide redundancy or other reason approved by the Board, and at that time the participant continues to satisfy any other relevant conditions of the grant, the Board may determine the extent to which the performance rights held by the participant vest; or
 - ii. for any other reason, all performance rights held by the participant lapse.
- (k) In the event of a takeover bid for the Company, any performance rights granted to a participant will vest where, in the Board's absolute discretion, pro rata performance is in line with the performance conditions applicable to those performance rights. In addition, in the event of a court-ordered arrangement or compromise, compulsory acquisition following a takeover bid or the winding up of the Company, the Board may, in its absolute discretion, determine that some or all of a participant's performance rights vest if pro rata performance is in line with the performance conditions applicable to those performance rights.
- (l) If Shares in the Company are issued under a bonus issue or there is a reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of the Company, the number or the amount (if any) payable on vesting or both of performance rights to which a participant is entitled will be adjusted by the Board to ensure that no advantage or disadvantage accrues to the participant.
- (m) The Board may amend or add to any of the rules of the PRP or the terms or conditions of any performance rights granted under the PRP, subject to certain restrictions.
- (n) The Board may establish a trust for the purpose of acquiring and holding Shares issued on vesting of a performance right.

PROSPERITY RESOURCES LTD
ACN 103 280 235

PROXY FORM

The Company Secretary
Prosperity Resources Ltd
44 Kings Park Road
West Perth WA 6005

Email: info@prosperity.net.au
Facsimile: (+65) 6835 7868

Shareholder Details

Name:

Address:

Contact Telephone No:

Contact Name (if different from above)

Step 1: Appoint a Proxy

I/We, being a member of Prosperity Resources Ltd and entitled to attend and vote hereby appoint

the Chair of the Meeting (mark with an 'X')

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is name, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at 10.30am (WST), on 11 July 2016 at the State Tennis Centre, Victoria Park Drive, Burswood, Western Australia, and at any adjournment thereof, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 10, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this resolution even though Resolutions 1 and 10 are connected with the remuneration of key management personnel for Prosperity Resources Ltd.

The Chair of the Meeting will vote all undirected proxies in favour of all items of business (including Resolutions 1 and 10). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote again, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

Step 2: Voting Directions

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr John Arbuckle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Prior Issue of Shares to Magnolia Management Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Magnolia Management Ltd			
Resolution 5	Issue of Shares to Saqr Capital and Finance Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Real Assets and Infrastructure Investment Group Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to Resource Global Finance Ltd as Consideration for the Renegotiation of the RGF Loan Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Shares to Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Shares to R & K Global Finance Ltd as Consideration for the Renegotiation of the R&K Loan Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Shares to Mr Mohammed Munshi in Lieu of Cash Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Capital Raising to Raise up to \$1,000,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Approval to Dispose of Major Asset	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE SIGN HERE This section must be signed in accordance with the instructions below to enable your directions to be implemented

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name: _____

Contact Phone (daytime): _____

Date: _____